

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

LEAR CAPITAL, INC.,<sup>1</sup>

Debtor.

Chapter 11 (Subchapter V)

Case No. 22-10165 (BLS)

**Hearing Date: October 12, 2022 at 10:30 a.m. (ET)**

**DEBTOR'S STATUS REPORT**

The above-captioned debtor and debtor in possession (the “Debtor”), by and through its undersigned counsel, hereby submits this Status Report and respectfully represents as follows:

**BACKGROUND**

1. On March 2, 2022 (the “Petition Date”), the Debtor filed its voluntary petition for relief under Chapter 11, Subchapter V, of title 11 of the United States Code commencing this Chapter 11 case (the “Chapter 11 Case”).

2. The Debtor has continued in the possession of its property and has continued to operate and manage its business as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. On March 2, 2022, Jami Nimeroff was appointed as Subchapter V Trustee.

4. On June 7, 2022, the Debtor, certain participating states and certain customers of the Debtor filed a Motion for Order Pursuant to 11 U.S.C. §105 and Federal Rules of Bankruptcy Procedure 9019 Authorizing and Approving Settlement [Docket No. 241] (the “9019 Motion”). On June 23, 2022, the Court entered the Order approving the 9019 Motion [Docket No. 251] (the “9019 Order”).

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<sup>1</sup> The last four digits of the Debtor’s federal tax identification number are 7197. The Debtor’s address is 1990 S. Bundy Drive, Suite 600, Los Angeles CA 90025.

5. On July 13, 2022, the United States Trustee appointed the Committee of Customers (the “Committee”) [Docket No. 274].

6. As set forth in the 9019 Motion and the 9019 Order, the terms of the settlement provide for a ninety (90) day period (the “Abstention Period”) during which all deadlines in the Chapter 11 Case, including all applicable Subchapter V deadlines, are stayed.

7. On September 20, 2022, the Debtor filed a Motion for entry of an Order Further Extending the Abstention Period [Docket No. 361] (the “Motion”). The Motion was granted pursuant to an order entered on October 3, 2022 [Docket No. 379]. Pursuant to such order, the Abstention Period was extended by an additional thirty (30) days and the deadline for the Debtor to file a plan was extended to November 20, 2022.

8. In connection with the Motion, the United States Trustee requested that a status conference be held with respect to the status of the Chapter 11 Case and the progress toward a consensual plan. The Debtor files this Status Report in advance of the Status Conference.

### **STATUS REPORT**

9. The Debtor, the Committee and the Participating States (collectively, the “Parties”) continue to negotiate a resolution of all outstanding issues, including the terms of a consensual plan, with the goal of achieving a resolution of the Chapter 11 Case. The Debtor provided an initial term sheet along with substantial financial analysis to the Committee and there have been several conferences related to those documents.

10. While the Parties have continued their discussions and negotiations, they have been unable to reach a consensual resolution to date.

11. The Debtor anticipates that a number of meetings will be held, either collectively with all of the Parties, or individually between the Debtor and the Committee or the Debtor and

the Participating States, and that additional documents will continue to be exchanged by and among the Parties in an effort to reach a resolution. In fact, the Debtor recently received a request for additional financial information from the Participating States to which the Debtor will endeavor to provide the information requested.

12. The Debtor is hopeful the process will continue to move forward as quickly as possible and that the terms of a consensual plan will be reached between all the Parties.

**NOTICE**

13. Notice of this Status Report has been given to (i) the United States Trustee; (ii) the Subchapter V Trustee; and (iii) all parties that have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002.

Dated: October 6, 2022  
Wilmington, Delaware

**MORRIS JAMES LLP**

/s/ Brya M. Keilson

Jeffrey R. Waxman (DE Bar No. 4159)

Brya M. Keilson (DE Bar No. 4643)

500 Delaware Avenue, Suite 1500

Wilmington, DE 19801

Telephone: (302) 888-6800

Facsimile: (302) 571-1750

E-mail: [jwaxman@morrisjames.com](mailto:jwaxman@morrisjames.com)

E-mail: [bkeilson@morrisjames.com](mailto:bkeilson@morrisjames.com)

and

**SHULMAN BASTIAN FRIEDMAN & BUI LLP**

Alan J. Friedman (admitted *pro hac vice*)

Melissa Davis Lowe (admitted *pro hac vice*)

100 Spectrum Center Drive; Suite 600

Irvine, CA 92618

Telephone (949) 340-3400

Facsimile: (949) 340-3000

E-mail: [afriedman@shulmanbastian.com](mailto:afriedman@shulmanbastian.com)

E-mail: [mlowe@shulmanbastian.com](mailto:mlowe@shulmanbastian.com)

*Counsel to the Debtor and Debtor  
in Possession*